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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

February 29, 2008

Charles Reynolds, Resident Agent
Co-Op Mining Company
P.O. Box 1245
Huntington, Utah 84528

Subject: Commencement of Midterm Permit Review, Task ID #2935, Co-Op Mining Company, Bear Canyon Mine, C/015/0025

Dear Mr. Reynolds:

The Division is required to review each active permit during its term, in accordance with R645-303-211. This review is to take place at the midpoint of the permit term and will cover pertinent elements that have been selected for review. The Midterm Review for the Bear Canyon Mine is now being conducted and the items chosen for review encompass the following:

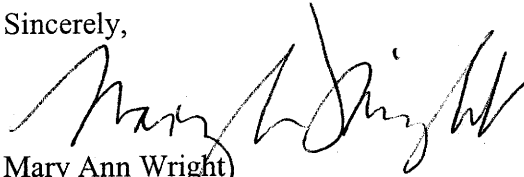
1. An AVS check to ensure that Ownership and Control information is current and correct and that all outstanding fines are paid.
2. A review of the plan to ensure that the requirements of all permit conditions, division orders, notice of violation abatement plans, and permittee initiated plan changes are appropriately incorporated into the plan document.
3. A review of the applicable portions of the permit to ensure that the plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
4. A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate year dollars.
5. The Division may conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness of operational, reclamation, and contemporaneous reclamation practices.

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Additionally, any information that you would like the Division to review as part of the Midterm Review must be submitted by April 2, 2008. The review will be finished by June 2, 2008. Once the review has been conducted, you will be notified of any outstanding issues that need to be corrected.

If you have any questions regarding these requirements or the Midterm Review process please call Daron Haddock at (801) 538-5325 or Jim Smith at (801) 528-5262.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright", written over a horizontal line.

Mary Ann Wright
Associate Director, Mining

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